

# **South Africa Environment Program Profile**

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The USAID South African Mission<sup>1</sup> focuses its environmental efforts through one strategic objective (SO); the activities described in this profile are structured under this objective. SO 6 aims to provide “increased access to environmentally sustainable housing and urban services for historically disadvantaged populations,” meaning that the urban poor will have better access to potable water systems, housing, and other urban environmental services. Other activities related to environmental sustainability are also described, including those related to more effective local governments, energy efficiency, and renewable energy. Initial efforts to reduce greenhouse gas emissions under USAID’s Global Climate Change Initiative are also described.

Certain of these environmental activities may also contribute to other objectives, for example, in economic development and/or democracy-building and governance issues.

## **SO 6: Increased Access to Environmentally Sustainable Housing and Urban Services for Historically Disadvantaged Populations**

### **Expanded Delivery of Urban Environmental Services and Shelter**

**Environmentally Sustainable Housing and Urban Development Services (ESHUD) Project.** The five-year ESHUD project is a follow-on to USAID’s seven-year SUDS project, which promoted increased access to environmentally sustainable shelter and urban services for the historically disadvantaged population. In 1992, USAID launched its program of shelter-related assistance to South Africa through the \$30 million Shelter and Urban Development Support (SUDS) project, a pioneering activity designed to support the economic empowerment of disadvantaged, black South Africans in an apartheid environment.

SUDS aimed to achieve (a) improved and more productive low-cost housing projects, (b) greater majority

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<sup>1</sup> In Web document, this would be a link to the Web site on USAID/South Africa at <http://www.sn.apc.org/usaidsa/>.

control of the shelter development process and improved status of black-owned construction enterprises, (c) enhanced access to short-term shelter and mortgage finance for black households and access to bridging finance for emerging contractors, and (d) emergence of multiparty fora intended to produce improved policies and institutions for the sector.

Most SUDS project activities were undertaken via grants to nongovernmental organizations (NGOs), which were actively engaged in ending apartheid and in promoting societal transformation. In addition to its grants portfolio, SUDS also issued the \$18 million technical assistance Community and Urban Services support (CUSSP) contract. CUSSP's objective was to assist disadvantaged communities to obtain appropriate shelter. It did so by helping community-based organizations (CBOs) maximize their participation in the shelter delivery process.

In 1994 SUDS was amended to add an additional \$20 million (for a new total of \$50 million) and to extend the project completion date to 1999. In 1995, another \$20 million was added. ESHUD, which began in 1999, continues this work through 2004.

**Municipal Infrastructure Investment Unit (MIIU).** A major impediment to sustainable housing delivery and urban development in South Africa is the acute shortage and slow pace of delivery of urban environmental infrastructure and services (e.g., water, sanitation, electricity, etc.). The government has estimated the municipal infrastructure deficit in South Africa at 80 billion Rand (US\$1= 6.15 Rand) (GEAR report, 1996). With limited public sector resources, the critical issue is the identification of viable private financing mechanisms.

In 1996 the Government of South Africa (especially the Departments of Finance, Constitutional Development and Provincial Affairs, Department of Housing, and the Development Bank of South Africa), with inputs from USAID and the World Bank, developed a Municipal Infrastructure Investment Framework to address obtaining private sector financing for urban environmental services. The Framework emphasized the role of the private sector in financing infrastructure provision. USAID established a bilateral agreement (1998-2001) with the Government of South Africa to fund \$4.2 million in technical assistance for municipalities in preparing and packaging infrastructure provision projects for private funding, including public-private partnerships. USAID support to the MIIU also includes three long-term technical advisors and funding of an associated Project Preparation Fund. After one year of operation, the MIIU has approved grant and technical assistance to 15 projects (primarily in the water, sanitation, solid waste, and transport sectors), with another 73 projects in the pipeline at various stages: expression of interest, concept review, feasibility study, and project preparation.

USAID is also assisting the Department of Constitutional Development (DCD) to improve the entire legal and regulatory framework for municipal service partnerships (MSPs). This year-long effort has produced a draft document that deals with the key obstacles to MSPs (i.e., ensuring citizen inputs into project design, addressing union concerns with privatization, eliminating legal constraints to MSPs in existing legislation, defining appropriate stakeholder roles, etc.). The final version of the document will become a chapter in the forthcoming Municipal Systems Bill, which delineates the duties, powers, and functions of local government in South Africa. A third input is technical assistance to the DCD's "Project Viability," which identifies and provides emergency assistance to municipalities experiencing financial management problems.

Finally, USAID also assisted the Department of Housing (DOH) to craft three major bills: the Fair Lending Practices Bill, the Home Mortgage Disclosure Bill, and the Community Reinvestment Bill. All of

these are inspired by comparable U.S. legislation, and, like the U.S. model, all three bills are intended to increase private sector investments in shelter in low-income communities.

**Technical support in urban environmental management.** The development of an Urban Environmental Management program was seriously delayed in mid-1998 when the Department of Environmental Affairs and Tourism (DEAT), USAID's partner, experienced major personnel shifts. Working relationships were soon established with the new DEAT representatives, however, and the USAID/DEAT team crafted an ambitious program of public awareness raising and municipal manager environmental management training. The University of Cape Town, in partnership with three historically disadvantaged universities, will implement the activity. Emerging managers will be targeted as trainees. The University's Urban Environmental Unit has been designated as the entity responsible for providing municipalities with technical support in urban environmental management.

In FY98 an important milestone in water management was achieved when a community-based Water Board was established in what is reputed to be one of the most poorly serviced areas in the country, the Bushbuckridge region. The Board will receive technical assistance to permit it to assume primary responsibility for the management of bulk water services in the region within two years. The design of a companion project that will enable the five Bushbuckridge local authorities to develop and manage water distribution at the community level was also undertaken with inputs from AID/W's Environmental Health Project. Implementation of this program began in FY99.

**Urban and Environmental (UE) Credit Program.**<sup>2</sup> The UE Credit Program is a mechanism to provide developing countries with access to financial resources borrowed from the U.S. private sector. These resources are used to finance urban infrastructure and shelter in low-income neighborhoods, including potable water hook-ups, sanitation connections, solid waste collection, roads, electrification projects, home mortgages, and home improvement loans. The UE Credit Program involves collaboration with a host-country private or public institution acting as a borrower (e.g., government ministry, bank, development corporation, national cooperative organization, or private investment company). This program targets and benefits the urban poor.

In South Africa, efforts focus on the development of a private sector that will permit employed, urban, disadvantaged South Africans to obtain mortgage financing to purchase or build low-cost affordable housing and also will permit emerging developers, builders, and contractors to obtain construction finance to develop and build affordable housing. Through support provided by the UE program in South Africa, the private sector will make more than \$465 million in investments in shelter and municipal services. Nearly 120,000 households, 20 percent of which were female-headed, have already benefited from mortgages and housing loans since the inception of the program. USAID plans to work exclusively with non-traditional lenders on its next round of credit programs, given their capacity to develop products and structure programs that cater to the special needs of low-income households.

## More Effective Local Governments

**International Resource Cities Program.** Through the International Resource Cities Program the skills and experience of selected U.S. local governments are shared with cities in developing and transitional

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<sup>2</sup>

USAID's Office of Environment and Urban Programs administers the UE Credit Program and supports a broad range of urban activities through its eight Regional Urban Development Offices (RUDOs).

countries. U.S. cities are partnered with overseas cities to provide technical assistance in improving professional municipal management, supporting participatory and inclusive governance, improving delivery of environmental services, and increasing access to decent and affordable housing. In South Africa, three partnerships have been established.

Johannesburg has been paired with Houston, Texas, to focus on solid waste management. The goal of the Johannesburg-Houston partnership is to facilitate organizational changes to achieve increased worker productivity and improved service delivery in solid waste – including working to establish a private sector solid waste utility – and to establish a pilot recycling program in the Western Metropolitan Local Council of Johannesburg.

The city of Pietermaritzburg-Msunduzi has been paired with Hampton, Virginia, to focus on economic development. The city of Pietermaritzburg-Msunduzi, located near Durban in Kwa Zulu Natal province in the southeastern part of South Africa, was created in 1994 from the previously more developed, white-controlled central borough, and the surrounding, less developed black townships. The key challenges for Pietermaritzburg-Msunduzi include extending basic infrastructure and services to the former outlying areas; developing more efficient land use patterns; enhancing health, educational, and job training opportunities; and stimulating the local economy. This partnership is focused on sharing materials for and approaches to successful economic development in collaboration with private business and community groups.

Cape Town has been paired with Charlotte, North Carolina, to focus on community development. In Cape Town, city officials requested technical assistance in community development for Manenberg, a disadvantaged area in Cape Town. The objectives of the Cape Town-Charlotte partnership are to build a strong participatory process with the community in Manenberg; establish a city-community partnership for improved service delivery and crime prevention; and achieve concrete, visible results in improving the quality of life for residents of Manenberg.

## **Global Climate Change**

The activities described below under Energy also contribute to USAID's goal of reducing emissions that increase global climate change. (See also [GCC Team web-site](#).)

In late fiscal year 1998, USAID signed a \$5 million Global Climate Change (GCC) Bilateral Grant Agreement with the South African Department of Environmental Affairs and Tourism (DEAT). This agreement is the cornerstone of the GCC program for USAID/South Africa and supports DEAT's efforts in attaining environmentally sustainable development by addressing issues related to, and the impacts of, GCC. Technical assistance to DEAT and others under the bilateral agreement will provide multiple and clear results by advancing policies in support of the UN Framework Convention on Climate Change (UNFCCC). The agreement will also promote research activities and training to support efforts aimed at decreasing greenhouse gases (GHGs). Pilot activities will be included in the program design to address specific GCC problems, for example, by demonstrating the use of renewable energy or alternative transportation mechanisms. Expansion of public awareness will be shown through USAID support of NGOs and other institutions working on climate change issues.

Finally, USAID/Pretoria is proposing to develop a Trade and Environment Initiative, which will promote greater integration of economic and environmental policies. This activity would introduce

principles and techniques of environmental economics into South African economic policy-making. For example, such policies could affect the types of fuel used and the clean-up technologies employed by energy producers (the major source of GHGs in South Africa) and users. The role of such policies in reducing greenhouse gas emissions could have significant bearing on how South Africa integrates climate change into sustainable development strategies.

**Mpumalanga Province Water Services Project.** A variety of projects provide GCC-related benefits by addressing issues of vulnerability to severe climatic events. USAID's work with the Rand Water Board and the Department of Water Affairs and Forestry (DWAF) on the management of bulk water services in Mpumalanga, a dramatically under-serviced area, supports emergency preparedness and ancillary benefits for adaptation to GCC.

**Gore-Mbeki Binational Committee (BNC).** USAID supports various BNC committees to improve GCC achievements in South Africa. The Committee on Environment and Water incorporates emergency preparedness into programs providing technical assistance in water resources management (with the U.S. National Oceanic and Atmospheric Administration) and best practices (with the U.S. Department of the Interior). USAID's GCC program will work with relevant BNC activities. The BNC agriculture activities slated for FY99, incorporating weather prediction systems and land use planning, include agriculture and food security related to GCC vulnerability issues.

## **Energy Efficiency**

**Energy Efficient Housing in South Africa.** USAID/South Africa is promoting energy efficient housing designs to increase savings in space heating and carbon dioxide emissions. The "EcoHomes" project works with the Katlwanog Community Association, the Gugulethu Community Development Corporation, and several NGO partners to provide technical assistance in two communities. Innovative yet simple house designs are used to lower fuel use for heating and lessen the contribution to GHG emissions. The EcoHomes project has gained widespread recognition, shown by the acceptance of the Gugulethu project as a candidate for funding by the U.S. Initiative on Joint Implementation (USIJI). A collaborative effort of eight federal agencies, USIJI supports the development and implementation of voluntary projects between the U.S. and non-U.S. partners that reduce, avoid, or sequester GHG emissions. Over time, the aim is replicate this successful, low-cost model for use in South Africa's ongoing housing delivery program.

## **Renewable Energy**

**Renewable Energy Development in South Africa.** Winrock International is currently providing technical assistance to the South African Department of Minerals and Energy in the final design and organization of that nation's renewable energy-based rural electrification project, consistent with the goals of the U.S.-South African Binational Commission. In addition, Winrock is helping South Africa identify and strengthen the country's key nongovernmental partner organizations to build a long-term indigenous base of support for commercial renewable energy projects. Winrock is also helping evaluate specific experience with and demand for renewable energy systems in South Africa to date that will enable Winrock International to assist U.S. and local industry in identifying new marketing opportunities in South Africa and help accelerate the commercial application of renewable energy technologies.

The objective of this activity is to support the commercialization of renewable energy power systems for households, communities, and enterprises in South Africa by facilitating increased use of renewable energy resources, improving the national and local policy environment, encouraging the provision of financing, strengthening in-country private and voluntary institutions, and identifying and promoting productive applications of renewable energy systems.

## **CONTACTS**

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## **References and For Further Information**

For General USAID/South Africa Information:

- USAID/South Africa Website: <http://www.sn.apc.org/usaidsa/>
- USAID South Africa Strategy 1996-2005: <http://www.sn.apc.org/usaidsa/exec.html>
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<sup>3</sup> Link to <http://www.icma.org/>

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The South Africa Environment Program Profile is one in a new series of reports that describe USAID-supported environment activities in priority countries. It aims to cover all USAID environment activities in South Africa, whether supported by the Mission, Regional Bureau, or Global Bureau. The document will help USAID staff working in other regions and colleagues from other development agencies to better understand the breadth and depth of the Agency's environment program in South Africa. Comments on this document can be submitted to [kpage@genv.org](mailto:kpage@genv.org).

This profile — like the ones on other USAID priority countries that will follow — focuses on activities on the ground, an area not covered by most other readily available documentation on USAID environment programs. It also feeds this information to a revolving database that will, once a number of profiles have been completed, track activities, provide information on environment programs in a number of sectors and regions, and be updated regularly.

Any database, however, is only as good as the information that populates it. Therefore, we ask that you keep this in mind when circulating descriptions of activities and technical reports and PLEASE SHARE COPIES of your information with our audience, by making sure they are included in our databases. Fact sheets, program summaries, and other similar documentation are welcome. Thank you.

Questions about this and other services of USAID's Environment Information Clearinghouse can be sent to:

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